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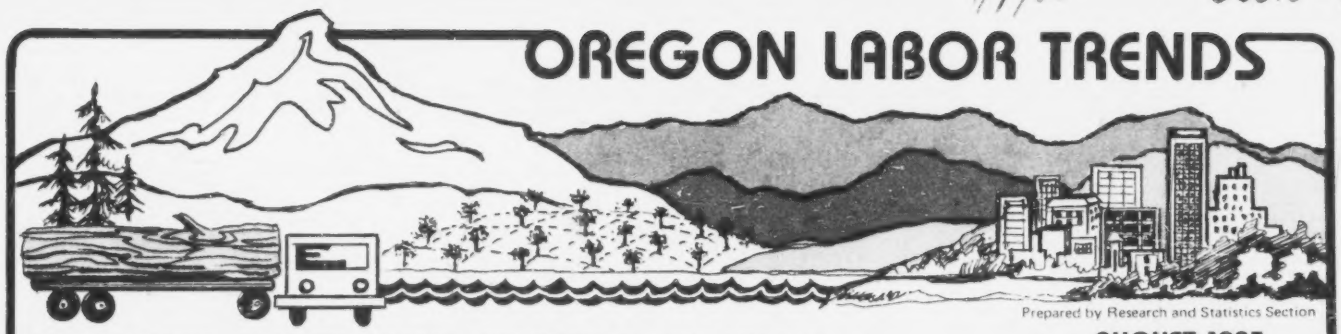
OREGON LABOR TRENDS



Prepared by Research and Statistics Section

STATE OF OREGON • EMPLOYMENT DIVISION • DEPARTMENT OF HUMAN RESOURCES

AUGUST 1985

JULY INDICATORS

UNEMPLOYMENT RATE

Oregon		(Seas. Adj.)
July	1985	9.5
June	1985	9.8
July	1984	9.4
U.S.		
July	1985	7.3
June	1985	7.3
July	1984	7.5

WAGE AND SALARY EMPLOYMENT INDEX

Oregon		1977=100
July	1985	108.5
June	1985	108.7
May	1985	109.2
Apr.	1985	109.1
Mar.	1985	109.4

DIFFUSION INDEX

Oregon		
July	1985	46.5
June	1985	45.7
May	1985	50.4
Apr.	1985	48.1
Mar.	1985	54.7

PRODUCTION WORKER AVERAGE WEEKLY HOURS

Oregon		
June	1985	39.5
May	1985	38.8
June	1984	38.8

CONSUMER PRICE INDEX (CPI)

1967=100

ALL URBAN CONSUMERS

Portland MSA		
July	1985	312.9
Yearly Change		+ 4.0%
U.S.		
July	1985	322.8
Yearly Change		+ 3.6

Portland Hotline 221-4132

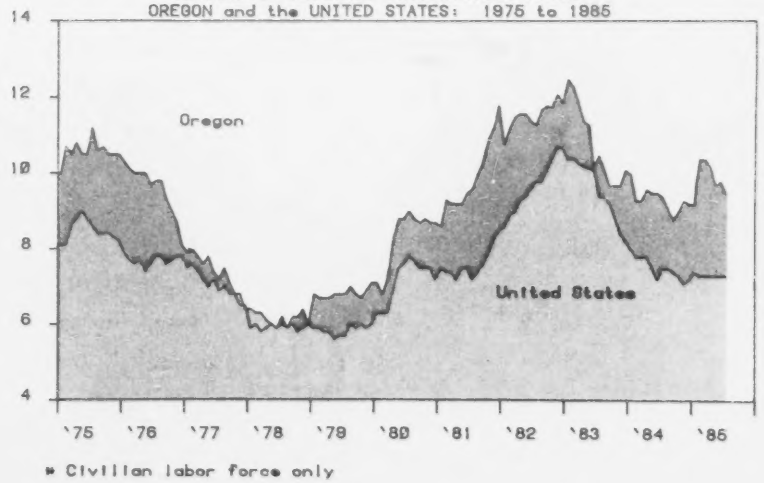
MONTHLY ECONOMIC ANALYSIS

Jason Yohannan

The up-and-down Oregon economy continued to emit mixed signals regarding its health in July as two of the three main economic indicators tracked by the Employment Division moved in a positive direction. The statewide seasonally adjusted unemployment rate fell from 9.8% in June to 9.0% in July, with the count of unemployed individuals declining by 6,300. The diffusion index (an important indicator described in a special article in the June 1985 issue of Oregon Labor Trends) increased .8 to 46.5, but remained at a level suggesting little improvement ahead. Wage and salary employment fell by 20,100 as thousands of public and private education jobs ended for the school year. The overall reduction was 1,700 workers more than seasonal trends would warrant, leading to a drop of .2 in the nonagricultural wage and salary employment index. At 108.5 in July, the index is exactly the same as it was last December, meaning that when the impact of expected seasonal influences is extracted, the level of wage and salary employment has not changed much since December. "Unchanged" would also aptly describe the national unemployment picture. The U.S. seasonally adjusted civilian unemployment rate has been stuck at 7.3% since February.

As mentioned earlier, most of the monthly change was caused by education, where losses could be found in state government (colleges and universities), local government (school districts and community colleges), and services (primary and secondary private schools and private colleges and universities). Local school districts were the biggest loser, dropping by 19,000.

SEASONALLY ADJUSTED UNEMPLOYMENT RATES*
OREGON and the UNITED STATES: 1975 to 1985



* Civilian labor force only

RESIDENT OREGON LABOR FORCE

	JUL. 1985 1/	JUN. 1985 2/	CHANGE	% CHANGE	JUL. 1984 5/
CIVILIAN LABOR FORCE 3/	1,325,300	1,334,100	- 8,800	- 0.7	1,342,600
UNEMPLOYMENT	118,800	125,100	- 6,300	- 5.0	119,700
PERCENT OF LABOR FORCE	9.0	9.4	XXX	XXX	8.9
SEASONALLY ADJUSTED PERCENT	9.5	9.8	XXX	XXX	9.4
TOTAL EMPLOYMENT 4/	1,206,500	1,209,000	- 2,500	- 0.2	1,222,900

1/ PRELIMINARY. 2/ REVISED. 3/ INCLUDES EMPLOYED AND UNEMPLOYED INDIVIDUALS 16 YEARS AND OLDER. DATA ARE ADJUSTED FOR MULTIPLE JOB-HOLDING AND COMMUTING. 4/ INCLUDES NONAGRICULTURAL WAGE AND SALARY, SELF-EMPLOYED, UNPAID FAMILY WORKERS, DOMESTICS, FARM WORKERS, AND LABOR DISPUTANTS. 5/ DUE TO REVISED ESTIMATING PROCEDURES BETWEEN DECEMBER 1984 AND JANUARY 1985, DATA FOR 1985 AND THAT OF PREVIOUS YEARS ARE NOT STRICTLY COMPARABLE.

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

INDUSTRY	JUL. 1985 1/	JUN. 1985 2/	JUL. 1984	CHANGE FROM JUN. 1985	CHANGE FROM JUL. 1984
TOTAL 3/	1,016,700	1,036,800	999,900	- 20,100	16,800
WAGE & SALARY EMPLOYMENT INDEX 4/	108.5	108.7	106.8	XXX	XXX
DIFFUSION INDEX 5/	46.5	45.7	52.3	XXX	XXX
TOTAL MANUFACTURING	202,400	199,100	202,000	3,300	400
DURABLE GOODS	145,600	145,500	148,600	100	- 3,000
LUMBER & WOOD PRODUCTS	66,900	65,500	67,700	1,400	- 800
LOGGING & SAWMILLS	36,000	35,200	36,900	800	- 900
VENEER & PLYWOOD	16,300	16,100	16,700	200	- 400
MILLWORK & STRUCTURAL WOOD	9,000	8,700	8,300	300	700
MOBILE HOMES	1,400	1,400	1,800	0	- 400
OTHER WOOD PRODUCTS	4,200	4,100	4,000	100	200
FURNITURE AND FIXTURES	2,600	2,600	2,500	0	100
STONE, CLAY, GLASS & CONCRETE	2,700	2,600	2,800	100	- 100
PRIMARY METALS	8,800	9,100	9,500	- 300	- 700
BLAST FURNACES, IRON & STEEL	5,500	5,600	5,300	- 100	200
NONFERROUS METALS	3,300	3,500	4,200	- 200	- 900
FABRICATED METALS	10,500	10,300	10,300	200	200
FABRICATED STRUCTURAL METALS	5,300	5,100	4,800	200	500
OTHER FABRICATED METALS	5,200	5,200	5,500	0	- 300
MACHINERY	15,600	15,600	15,800	0	- 200
ELECTRICAL EQUIPMENT & SUPPLIES	14,200	14,100	14,100	100	100
TRANSPORTATION EQUIPMENT	6,800	8,100	8,800	- 1,300	- 2,000
INSTRUMENTS & RELATED PRODUCTS	14,500	14,500	14,300	0	200
MISCELLANEOUS MANUFACTURING	3,000	3,100	2,800	- 100	200
NONDURABLE GOODS	56,800	53,600	53,400	3,200	3,400
FOOD & KINDRED PRODUCTS	26,200	23,200	22,500	3,000	3,700
CANNING & PRESERVING	15,800	13,000	11,800	2,800	4,000
OTHER FOOD PRODUCTS	10,400	10,200	10,700	200	- 300
TEXTILE MILL PRODUCTS	1,600	1,600	1,600	0	0
APPAREL	2,300	2,300	2,800	0	- 500
PAPER & ALLIED PRODUCTS	9,500	9,500	9,500	0	0
PRINTING & PUBLISHING	11,200	11,100	11,000	100	200
CHEMICALS & ALLIED PRODUCTS	2,100	2,100	2,100	0	0
PETROLEUM REFINING	500	500	600	0	- 100
RUBBER & PLASTIC PRODUCTS	2,900	2,900	2,800	0	100
LEATHER PRODUCTS	500	400	500	100	0

NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
(BY PLACE OF WORK)

INDUSTRY	JUL. 1985	JUN. 1985	JUL. 1984	CHANGE FROM JUN. 1985	CHANGE FROM JUL. 1984
(CONT.)					
TOTAL NONMANUFACTURING	814,300	837,700	797,900	- 23,400	16,400
MINING & QUARRYING	1,600	1,500	1,800	100	- 200
CONSTRUCTION	35,100	33,400	33,200	1,700	1,900
TRANSPORTATION, COMMUNICATIONS, & UTILITIES	55,000	55,000	56,800	0	- 1,800
TRANSPORTATION	32,600	32,700	34,000	- 100	- 1,400
RAILROAD	5,100	5,200	5,400	- 100	- 300
TRUCKING & WAREHOUSING	17,600	17,500	18,300	100	- 700
OTHER TRANSPORTATION	9,900	10,000	10,300	- 100	- 400
COMMUNICATIONS	13,500	13,500	14,000	0	- 500
UTILITIES	8,900	8,800	8,800	100	100
TRADE	262,600	262,500	254,700	100	7,900
WHOLESALE TRADE	66,600	66,000	64,900	600	1,700
DURABLE GOODS	39,500	39,200	38,500	300	1,000
NONDURABLE GOODS	27,100	26,800	26,400	300	700
RETAIL TRADE	196,000	196,500	189,800	- 500	6,200
GENERAL MERCHANDISE	23,100	23,000	24,400	100	- 1,300
FOOD STORES	31,500	31,200	28,400	300	3,100
AUTO DEALERS & SERVICE STATIONS	25,500	25,500	24,800	0	700
OTHER RETAIL TRADE	115,900	116,800	112,200	- 900	3,700
FINANCE, INSURANCE, & REAL ESTATE	69,600	68,800	66,700	800	2,900
BANKING & CREDIT AGENCIES	23,500	23,300	23,600	200	- 100
OTHER FINANCE, INSURANCE, & REAL ESTATE	46,100	45,500	43,100	600	3,000
SERVICES	211,000	211,300	206,500	- 300	4,500
HOTELS & PERSONAL SERVICES	24,500	24,700	24,400	- 200	100
HEALTH SERVICES	69,500	69,300	67,900	200	1,600
OTHER SERVICES	117,000	117,300	114,200	- 300	2,800
GOVERNMENT	179,400	205,200	178,200	- 25,800	1,200
FEDERAL GOVERNMENT	32,000	31,600	30,200	400	1,800
STATE GOVERNMENT	52,200	56,900	51,100	- 4,700	1,100
EDUCATION	18,400	23,300	17,900	- 4,900	500
OTHER STATE	33,800	33,600	33,200	200	600
LOCAL GOVERNMENT	95,200	116,700	96,900	- 21,500	- 1,700
EDUCATION	51,200	73,800	54,100	- 22,600	- 2,900
OTHER LOCAL	44,000	42,900	42,800	1,100	1,200
LABOR-MANAGEMENT DISPUTES	0	0	200	0	- 200

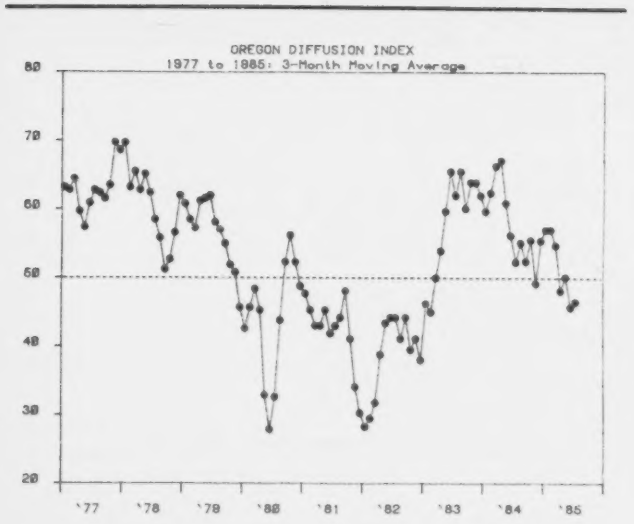
1/ PRELIMINARY

2/ REVISED

3/ INCLUDES FULL AND PART-TIME NONFARM WAGE AND SALARY WORKERS IN PAY PERIODS INCLUDING THE 12TH OF THE MONTH. PROPRIETORS, SELF-EMPLOYED, PRIVATE HOUSEHOLD WORKERS AND ARMED FORCES EXCLUDED. NOTE: ESTIMATED IN COOPERATION WITH THE U.S. BUREAU OF LABOR STATISTICS AND EMPLOYMENT AND TRAINING ADMINISTRATION. ALL DATA ARE BASED ON THE 1972 STANDARD INDUSTRIAL CLASSIFICATION (SIC) CODES AS AMENDED BY THE 1977 SUPPLEMENT.

4/ TOTAL NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT, SEASONALLY ADJUSTED, AND INDEXED TO 1977. DATA ON THE EARLIER INDEX (1972 = 100) CAN BE CONVERTED TO THE 1977 BASE PERIOD BY MULTIPLYING BY A FACTOR OF .8264, THE RATIO BETWEEN 1972'S ANNUAL AVERAGE EMPLOYMENT (774,300) AND THAT OF 1977 (936,900).

5/ THE DIFFUSION INDEX IS THE PERCENTAGE OF A SELECTED GROUP OF 43 INDUSTRIES SHOWING AN INCREASE IN SEASONALLY ADJUSTED EMPLOYMENT. HALF OF THOSE INDUSTRIES SHOWING NO SIGNIFICANT CHANGE (LESS THAN 1/2 OF 1%) ARE COUNTED AS INCREASING.



The other big decline in July came in manufacturing, where transportation equipment fell 1,300 and primary metals lost 300. Although the figures appear worse for transportation equipment, there are different factors hurting the two industries. In primary metals, problems in part beyond the control of the manufacturers, such as higher production costs or relatively low prices for finished products, have led to layoffs a and push for improved efficiency or plant modernization. Implementing solutions takes time, however, so there may not be an immediate turnaround. In transportation equipment, the layoff problem has arisen because of a lack of orders or contracts. This has reduced shipbuilding and repair employment to its lowest level in more than 10 years. Although the July situation was poor, it could improve more quickly than in primary metals, as new ship repair contracts are won and as temporary layoffs in other areas of transportation equipment manufacturing end.

The first improvement in 1985 for lumber and wood products took place in July when seasonally adjusted employment rose 600, led by millwork and structural wood at 9,000 employees (a new high). Millwork includes doors, paneling, frames, wood floors, and wood cabinets, and structural wood refers to trusses and arches. The millwork/structural wood sector has recently fared much better than the forest products industry in general because of large markets (including both new building construction and remodeling), less competition, and the high quality of products which are made in Oregon (see Oregon Labor Trends, August 1984).

Other good news in July was the substantial job gains over the past year in trade, services, and canning and preserving. The 4,000 annual increase in the canning sector was mostly due to last year's weather-delayed food processing season.

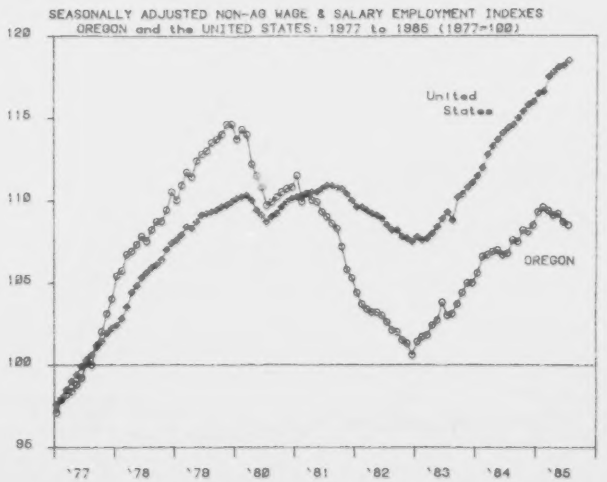
Oregon's recovery has been on hold since February. This pause allows us to take a look at where we are and how far we've come since the last recession so that monthly and annual changes can be put into proper perspective. For instance, total wage and salary employment peaked at 1,088,000 in September 1979, dropped to a low of 929,700 in January 1983, and rebounded to 1,036,800 in June 1985 before dropping again in July to 1,016,700. In this respect, the economic recovery has been incomplete - a fact underscored by July's 9.5% jobless rate. If we lapse into another recession in 1985-1986, it will be from an unusually high level of unemployment.

The scenario is different in various industries. The recession/recovery experiences of selected industries can be subjectively divided into four categories relating to employment, as seen in the accompanying table:

Recovering, but a long way to go	Mostly Recovered
	trade
lumber & wood products	finance, insurance, & R.E.
furniture & fixtures	federal government
stone, clay, glass, & concrete products	**Little Recession, or more than fully recovered**
primary metals	
fabricated metals	
machinery	electrical equip./supplies
transportation equipment	misc. manufacturing
instruments and related products	printing & publishing
food & kindred products	rubber & plastic products
paper & allied products	leatner products
chemicals & allied prod.	services
petroleum refining	**Still Declining**
construction	
transp., comm., & util.	textile mill products
state government	apparel
local government	mining & quarrying

In the "still declining" category, textiles and apparel are suffering from strong overseas competition. Textiles employed 3,200 workers in 1947, 2,500 in 1972, and only 1,600 in July of this year.

Most industries appear in the "recovering, but a long way to go" category. Leading the pack is lumber and wood, which peaked at 96,300 in August 1952 when a now unbelievable 77,700 people worked in logging and sawmills. Industrial classifications



have undergone some changes since then, so current data is not strictly comparable, but the prerecession peak was August 1978's total of 85,100. It tumbled to 51,700 in January 1982 and has come up to the 62,000-67,000 range in 1985. Except for the millwork area discussed earlier, further recovery is doubtful in the near future. Construction numbers tell a similar tale. The 1979 annual average employment was 53,000; 1983 annual average employment was 27,000. The figure has come up to 35,100 this July, and prospects for construction look somewhat brighter than for lumber and wood.

In the "mostly recovered" category, federal government shows up reflecting the good health of the national economy, whereas state and local government remain on the "recovering, but a long way to go" list because of Oregon's struggling economy.

Half of the "little recession, or more than fully recovered" category consists of smaller industries: miscellaneous manufacturing, rubber and plastic products, and leather products. Electrical equipment and supplies expanded during the last recession, but 1985 has been a rocky year for this industry. Printing and publishing saw only a mild recession from 1980 to 1982, and has expanded to new heights in 1985 due to growth of printed advertising and other materials during this "information age". Services peaked at 192,100 in 1981, declined slightly in 1982 to 188,600, and has more than recovered to over 200,000 in 1985. Rapid expansion in services has been due primarily to business services, which gained 2,500 jobs in 1983, 6,000 in 1984, and looks like it will gain some 5,000 more in 1985. Increasing tourist activity has led to healthy growth in amusements. Health services have also grown by 1,000-2,000 per year for a few years.

Each month's employment statistics are usually called "bright" or "disappointing" based upon how they compare with the prior month. The intent of the preceding analysis is to provide a more complete picture of our situation.□

HUMAN RESOURCES & ECONOMIC DEVELOPMENT STRATEGIES

Tom Lynch

Supply and demand markets exist for commodities and most anything of value. Labor markets are no exception, yet this simple fact escapes many decision-makers. At the state and local levels, employers look at labor supply markets to find the workers with the appropriate skills they need at a particular time. Schools, employment and training organizations, job placement agencies and others in the training business watch labor demand markets with hopes of placing their clients or graduates. Since these demand/supply markets are very complex, improvements can be made in their operation only if a close working relationship can be established between the employer community and the various supply institutions.

It is important for state and regional economic development that a logical plan be developed for the preparation and placement of individuals in jobs. This movement was started during the last two years with strong working relationships forged between private sector employers, the Oregon Employment Division, State Job Training Council and the Oregon Board of Education. The road to these strong relationships was filled with "chuck holes" for all of the organizations involved in the economic development process. Some of the major obstacles that had to be overcome were a weak Oregon economy, reduced budgets, turf issues and image problems between public and private sector institutions. The road map laid out to solve these problems included the following: joint planning between organizations at the state and local levels; development, sharing and use of common data systems; and improving services and communication between the public and private sector organizations. The initial steps taken by these organizations in 1984 and early 1985 have brought significant improvements in the following areas:

-assisting major new employers to identify adequate supplies of workers by occupational skill in local labor markets;

-identifying unemployed worker populations who would benefit from retraining and employment opportunities generated by these new firms;

-identifying state and local resources which could assist local employers in obtaining a trained workforce;

-gaining a better understanding of the roles played by public and private sector organizations in the training and placement of individuals.

The question for these organizations at this point is how to solidify and strengthen the relationships established during the previous two years. This process has already started under the sponsorship of the State Job Training Council, Oregon Employment Division, Economic Development Department and the Oregon Department of Education. Under a grant received from the National Alliance of Business, these organizations are to expand upon Oregon's past efforts to link economic development and job training and placement activities. A preliminary meeting was held in late July which focused on the following agenda:

-improve the participants' understanding of economic development and employment and training programs, resources, and activities and the ways in which they can be linked productively;

-identify opportunities for increased job creation for Oregonians through more effective combinations of economic development and employment and training resources;

-establish basic mechanisms and procedures for on-going coordination among these and other agencies.

The need for the approach outlined above is necessary if the optimum mix of training programs, placement activities and economic development efforts is to be achieved. Resources are limited and must be allocated in a systematic and reasonable manner if economic growth and development are to take place in Oregon.□

HOURS & EARNINGS

Mike Staten

Average hourly earnings for Oregon's manufacturing industries rose sharply in June to $10.66 from May's level of $10.50. The gain was consistent with the same period last year and was located principally in the logging and sawmills and primary metals industries. A 70% increase in the amount of overtime worked in logging and sawmills was the leading cause of the $.54 per hour gain in June. Due to the uncertainty of lumber and wood products markets, there was a marked tendency by employers to work existing employees longer hours rather than add new staff. This was evidenced by the failure of "normal" employment levels in logging and sawmill operations, with a net result of nearly 1,000 fewer employees than expected.

Overtime hours were also a factor in the increased earnings displayed by the primary metals industry in June. A second factor was a layoff in iron foundries, which boosted the proportion of higher paid employees.

The construction industry lengthened its average workweek in June by 1.3 hours with a moderate gain also in the number of construction workers. Hourly earnings, however, remained stable with only a slight $.06 increase.

Activity on the trade front in June showed a $.51 per hour increase over May for wholesale trade, principally the result of gains in commissions paid in the durable goods section of the industry. There was virtually no change in retail trade between the two months.

Although we have mentioned it before, it is worth repeating that strict comparisons of average hourly earnings, by themselves, can be misleading and promote incorrect assumptions. A rise in average earnings, for example, could be the result of severe employment reductions rather than a reflection of true gains. Likewise, a drop may not necessarily indicate a worsening economic situation, but may reflect a large employment increase.

It is important to keep these concepts in mind when comparing June's performance to that of May. While there were increases in average earnings and the number of production workers, the employment gains were weaker than expected for this particular time of year.□

AVERAGE HOURS AND EARNINGS OF OREGON INDUSTRIAL PRODUCTION WORKERS 1/

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	June 2/ 1985	May 3/ 1985	June 1984	June 2/ 1985	May 3/ 1985	June 1984	June 2/ 1985	May 3/ 1985	June 1984
TOTAL MANUFACTURING 4/	$421.07	$407.40	$411.67	39.5	38.8	38.8	$10.66	$10.50	$10.61
Durable Goods	439.43	417.64	425.58	40.5	39.4	39.7	10.85	10.60	10.72
Lumber & Wood Products	468.76	440.50	446.29	41.3	39.9	39.6	11.35	11.04	11.27
Logging & Sawmills	504.71	470.80	474.38	41.0	40.0	39.4	12.31	11.77	12.04
Veneer & Plywood	464.20	439.10	450.64	42.2	40.1	40.2	11.00	10.95	11.21
Millwork & Struct Wood	363.44	349.76	347.21	41.3	39.7	39.1	8.80	8.81	8.88
Mobile Homes	314.27	323.84	289.22	36.8	36.8	35.1	8.54	8.80	8.24
Other Wood Products	454.37	422.40	455.67	41.8	40.0	41.2	10.87	10.56	11.06
Furniture & Fixtures	305.74	273.00	296.38	38.8	35.5	36.5	7.88	7.69	8.12
Primary Metals	513.28	493.74	507.21	41.9	42.2	43.5	12.25	11.70	11.66
Fabricated Metals	386.71	394.02	383.90	39.3	39.8	38.7	9.84	9.90	9.92
Machinery	426.13	402.60	415.74	39.9	38.6	40.6	10.68	10.43	10.24
Nondurable Goods	369.66	376.66	372.44	36.6	37.0	36.3	10.10	10.18	10.26
Food & Kindred Products	305.55	327.77	304.72	35.0	36.5	34.2	8.73	8.98	8.91
Canning & Preserving	238.96	267.11	241.80	32.6	34.6	31.2	7.33	7.72	7.75
Other Food Products	413.51	408.33	399.38	38.9	39.0	38.7	10.63	10.47	10.32
Textile Mill Products	215.40	233.00	222.09	34.3	37.4	37.9	6.28	6.23	5.86
Apparel	208.68	209.59	210.19	37.0	36.9	37.4	5.64	5.68	5.62
Paper & Allied Products	575.91	578.53	562.88	40.5	40.4	40.7	14.22	14.32	13.83
Printing & Publishing	377.57	361.97	396.29	34.2	33.3	34.4	11.04	10.87	11.52
Construction 4/	502.32	482.27	507.04	36.4	35.1	34.8	13.80	13.74	14.57
Communications & Utilities 5/	515.83	496.04	485.20	41.7	40.1	40.4	12.37	12.37	12.01
Trade 5/	300.81	288.77	293.42	34.3	33.5	34.0	8.77	8.62	8.63
Wholesale Trade	424.24	391.89	391.72	39.1	37.9	37.2	10.85	10.34	10.53
Retail Trade	242.24	238.51	245.27	32.0	31.3	32.4	7.57	7.62	7.57
Banking & Insurance	282.82	281.36	266.33						
State & Local Government	322.35	322.50	317.44						

1/ Figures are average gross hours and earnings of full and part-time worked or paid for, including overtime and shift premium pay. Prepared in cooperation with the U.S. Department of Labor. All data are based on the 1972 Standard Industrial Classification (SIC) codes.
2/ Preliminary
3/ Revised
4/ Data for production workers only and exclude administrative, supervisory (above working foremen), technical, sales and office personnel.
5/ Data for nonsupervisory employes only, excluding proprietors and executive personnel. Data for retail trade excludes eating and drinking places.

EMPLOYERS CORNER –
1935-1985 • FIVE DECADES OF INSURING THE AMERICAN DREAM

Dorothy Monnier

In the last two of the Employer's Corner articles, we looked at possible alternatives of paying unemployment insurance. We will now concentrate first on the past and then the present as we celebrate the 50th anniversary of the Unemployment Insurance (UI) system.

Unemployment insurance first appeared as part of the Social Security system in 1935. The concept of helping the unemployed during depressed economic times can be traced throughout the history of the western world. One of the earliest mentions of assistance to the unemployed was in ancient Rome, where in the second century B.C., the Gracchi,a family of nobles, gave returning unemployed soldiers small pieces of land and paid them money for building roads.

During the 1870s, unemployment programs began to appear in Europe, most notably in Bismark's Germany. At the end of the 19th century, unemployment insurance plans appeared in this country. They were generally of three kinds: trade union plans, which grew out of the union tradition of helping unemployed members; union-employer negotiated plans; and employer-initiated plans. There was much talk that something more should be done for the many who weren't part of a plan. In the 1930s, when many of the voluntary plans began to collapse from the weight of unemployment in the Great Depression, the nation was finally moved to do something about the unemployed.

In the vigorous dialogue among scholars, politicians, labor and business leaders that attended the formulation of the Unemployment Insurance system, there was much debate about who should get benefits, what eligibility requirements should be imposed, and how much claimants should receive. There was concern that the program not be perceived as a relief program, but rather as an insurance program offering temporary help to those who were firmly attached to the labor force, and through no fault of their own had become unemployed. The intent of unemployment insurance was as much to maintain the economic stability of communities as it was to provide an income for unemployed workers.

All state UI laws measure entitlement to benefits by each person's work experience during a period prior to becoming unemployed. These prior periods, also called base periods, vary from state to state with regard to qualifying requirements. Some states determine eligibility by "high quarter" wages. Others, like Oregon, base monetary eligibility on a combination of base year wages and weeks of work. The amount of work may vary from 14 weeks in Hawaii to 20 weeks in many other states. Some states require earnings in more than one quarter, or total earnings equal to 30 or 40 times the weekly benefit amount.

All states have a minimum earnings requirement in the base period in order for a worker to be eligible for benefits. Originally the minimum ranged from $100-$300. Now, except for Hawaii, it ranges from $300 in Lousisiana to $3,000 in Oklahoma. Oregon's minimum is $1,000. The purpose of the minimum earnings requirement is to ensure "substantial" attachment to the workforce. It is clear that states differ greatly in their definition of "substantial."

Initially, all states required a waiting period before claimants could receive UI benefits. Today 10 states have no waiting period for total unemployment, and no state has more than a one week period (Oregon's waiting period is one week). Six states pay benefits for the waiting week under certain conditions, and one is planning to repeal the waiting week.

Though all states require that workers demonstrate their attachment to the work force by having wages or weeks of work in the base period, all set other requirements for benefit eligibility. Initially, federal law did not address eligibility and disqualification provisions in the Unemployment Insurance System, except to state three conditions under which compensation could not be denied for refusing a job:

> "If the position offered is vacant due directly to a strike, lockout or other labor dispute;
>
> 'if the wages, hours or other conditions of the work offered are substantially less favorable to the individual than those prevailing for similar work in the locality;
>
> 'if as a condition of being employed, the individual would be required to join a company union or to resign from, or refrain from, joining any bona fide labor organization."

These provisions addressed what states could not establish as eligibility requirements rather than what was required of workers to become eligible. Most states, however, list certain criteria by which the suitability of work is to be tested. The usual criteria include the degree of risk to health, safety and morals; the individual's physical fitness and prior training, experience and earnings; length of unemployment and prospects of securing local work; and the distance of the work from the claimant's residence.

From the beginning, all states have required that workers be able and available for work. Most accept registration for work at a Job Service office as evidence that claimants meet these criteria. State provisions vary widely concerning other measures of availability for work. The most prevalent reasons for disqualifications include voluntarily quitting a job, discharge for misconduct, refusal of suitable work, involvement in a labor dispute, fraudulent misrepresentation to obtain benefits and receipt of disqualifying income.

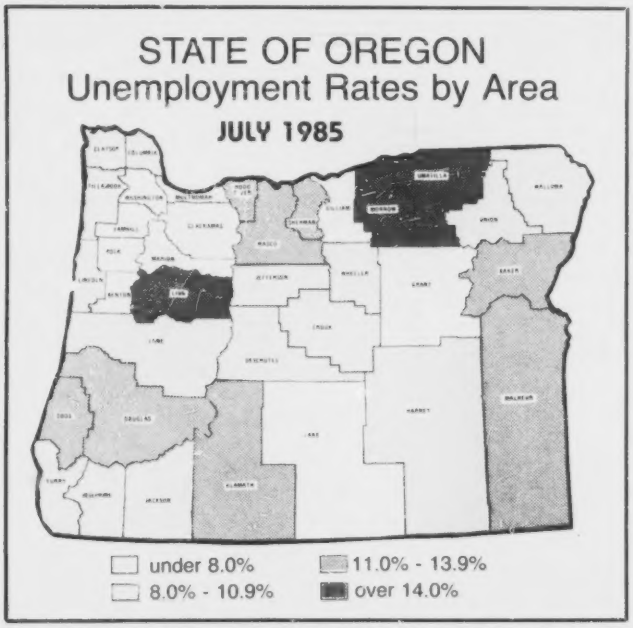
Disqualifications exist basically to prevent payment to workers who could otherwise be working. The UI system was put in place to assist workers who are temporarily unemployed due to no fault of their own, and most states have attempted to adhere to this philosophy.

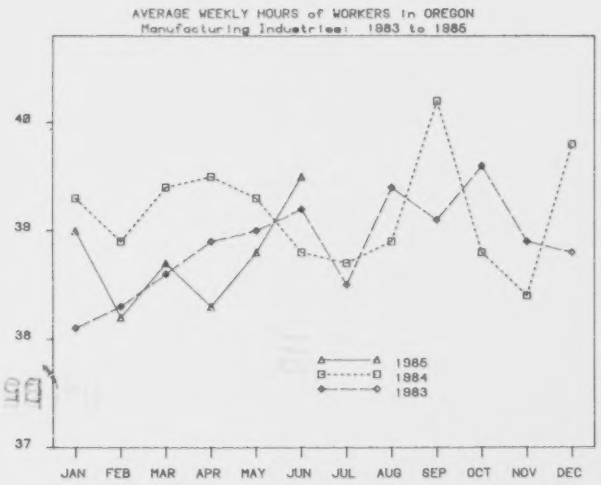
Some states disqualify claimants for a specific period of time which can vary according to the reason for disqualification. These disqualifications range from 1 to 52 weeks depending on the severity of the violation. Most states disqualify for the remainder of the period of unemployment plus have a requalification requirement. This means that the disqualified worker must get another job, must work a specific number of weeks, and then must be legitimately laid off from the job to overcome the disqualification and again be eligible for benefits. The theory is that after sufficient time, the reason for the disqualification is no longer the cause of unemployment.

Like eligibility provisions, formulas for computing benefit amounts vary considerably among states. They do, however, reflect common themes that grew out of early thinking on unemployment insurance.

In early studies, it was thought that the wage replacement rate should be appreciably less than what the worker earned, so that there would be an incentive to return to work. It should replace only nondeferrable expenses, thought to be food, rent, utilities and medical expenses. Since then, some have added expenses such as transportation costs, an essential in finding a job.

Clearly, the concept of unemployment insurance has undergone many transformations over the past fifty years. The only thing we can say with certainty is that UI, as all other things, will continue to evolve. Oregon will "insure the American dream" by staying abreast of program developments and operating an efficient system.□





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